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ABSTRACT

This digest summarizes issues raised in a research report on fund raising in higher education. The following questions are addressed: What are the changes and trends since the early days of educational fund raising? What are the implications? What is known about spending? What is known about donor behavior? What are the major ethical issues? What are the practical implications? and Where should future research focus? Among trend changes noted is the expansion of fund raising from independent colleges to public institutions, the replacement of the notion of charity by that of philanthropy, and the changing place of fund raising from a peripheral to a central institutional activity. A consistent association between dollars spent on fund raising and results of fund raising is noted, and it is suggested that internal rather than cross-institutional comparisons should be used for determining optimum spending levels. Research on donor behavior is seen to favor exchange models over models of altruism. Ethical issues are identified concerning provision of information to donors, knowing which gifts to refuse, and determining obligations of fund raisers. Practical suggestions are made to institutions (e.g., they should consider sources of private support strategically) and suggestions are made to professional associations and foundations (e.g., they should support institutions in shaping their fund raising to reflect demographic changes). It is recommended that additional research address spending and the effectiveness of fund raising, consistency of college mission, and formation of alumni donors' attitudes. Includes four references. (DB)

ERIC DIGEST

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The Campus Green: Fund Raising in Higher Education

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In the last two decades, private support has become increasingly important to American institutions of higher education, yet research on fund raising has lagged behind the expansion of institutional effort.

What Are the Changes and Trends?

Fund raising in American higher education dates back nearly 350 years, and several historical changes have taken place:

- Traditional church-affiliated and individual and personal solicitation has been replaced with increased direct institutional appeals of an organizational and professional nature.
- The notion of *charity* has been replaced with *philanthropy*, and theories of donors' behavior have changed accordingly.
- While once considered an adjunct to the duties of the president or a few trustees, fund raising has become a central institutional activity.
- Though once limited to independent colleges, fund raising in public higher education has become accepted.

The recent past and the foreseeable future will be characterized by more formal and centrally planned fund-raising programs, greater use of marketing principles, broader acceptance of an exchange model of donors' behavior, rather than an entirely altruistic one, and wider competition for private funds from every type of institution, including, most recently, public two-year colleges.

What Are the Implications?

Studies of institutional effectiveness using institutional, student, and alumni characteristics and analyses of donors' behavior have dominated research in fund raising for the last 20 years. Although few unqualified generalizations about effectiveness can be made from the literature, a clear and consistent association is found between *dollars spent on fund raising* and *results of fund raising*. But increased spending is not the same as *wisely* increased spending, and little research is available for guidance on how to spend well. Beyond the level of spending, many studies associate success in fund raising with institutional pride, prestige, and emotional attachment by alumni. These results are important to the practitioner, because properly organized advancement programs to enhance pride, prestige, and alumni attachment can be part of a comprehensive strategy to enhance fund raising. Some factors generally associated with successful fund raising, however, are not under the control of the advancement office or readily altered in the interests of fund raising (size, location, historical success in fund raising, and type of governance, for example).

What Is Known about Spending?

Research on spending has been limited to surveys, providing limited insight into optimum level, relation to output, or control of marginal costs of fund raising. The best informed advice suggests that internal rather than cross-institutional comparisons should be made, with careful attention to monitoring average costs, changes in marginal cost per gift dollar, diminishing returns, percent of institutional budget spent on advancement, and gift income by source and program.

What Is Known about Donor Behavior?

The more promising models of individuals' behavior as donors depart from models of pure altruism in favor of exchange models, which attempt to explain donors' motives based on receipt of "goods"—perquisites, tokens, or honors—in exchange for the gift, and a repeated disequilibrium that follows, leaving the donor with a need to respond to recognition and acknowledgment with yet more gifts.

In general, people more disposed to giving are religious (especially Protestant), married with children, women, and better educated. Alumni donors tend to be wealthier, be middle-aged or older, have strong emotional ties to their alma maters, have earned at least a bachelor's degree, participate in some alumni activities, and have religious or voluntary affiliations. Sex and marital status are not good predictors of alumni giving. The search for precollege or college variables (including major, place of residence, and participation in student activities) associated with giving has yielded few consistent findings, though having sufficient financial aid, particularly in the form of scholarships, may be related to future giving.

Corporate giving is tied to self-interest, such as gains in research in the area of the company's needs, production of trained personnel, employees' morale, and the improvement of the community's environment.

Foundations appear most interested in a college's past successes, the evidence of its ability to perform, its size, and its prestige. Highly focused, thinly staffed, and conservative, most foundations are inclined to give to established and larger organizations and may follow the lead of other donors or larger foundations without further research and evaluation.

Donors of all types seem to be aware of the link between price and quality, favoring institutions of prestige and magnitude. Companies and organizations respond conservatively in times of economic setback, while individuals give despite such times. The wealthy are most sensitive to the price of giving, responding to changes in deductibility, while the middle class and the poor—particularly when it comes to church giving—seem unaffected by tax incentives or fluctuations in the economy.

What Are the Major Ethical Issues?

Fund raising is tied fundamentally to an institution's values and priorities, even as it helps shape those values and priorities. Today, fund raisers face difficult questions—relating their energies to their institution's overall priorities, establishing a proper relationship between donors and the institution, determining which information the institution is obliged to share with prospective and actual donors, knowing when a gift should be refused, and determining the obligations of fund raisers to their institutions and the larger community. These issues are made the more difficult because fund raisers operate without the cloak of academic freedom, are often strongly driven by the bottom line, and have few professional opportunities to consider matters of values or ethics with peers from other institutions.

What Are the Practical Implications?

The following are suggested to institutions:

1. Consider sources of private support strategically, deciding which sources have the best potential for a particular institution.
2. Designate some private support for areas that will build students' understanding of the importance of private support for colleges and universities and may help shape future behavior of alumni.
3. Work to strengthen institutional traditions of philanthropy and community service.
4. Participate in locally useful research studies with the candid exchange of information among peers.

The following apply to professional associations and foundations:

1. Broaden professional development conferences and workshops, going beyond the techniques of fund raising and into research findings and discussions of values and ethics.
2. Establish opportunities for reflection and research on practice, such as sabbatical and study leaves and programs for visiting scholars and practitioners.
3. Strengthen the developing support for research in fund raising and efforts to integrate philanthropy into the curriculum.
4. Lead and support institutions in shaping their fund raising to reflect demographic changes.
5. Include research and evaluation as a central focus of professional organizations, their publications, and their meeting programs.

Where Should Future Research Focus?

Some suggested areas for research are offered as they derive

from the authors' review of research:

- Research on spending and the effectiveness of fund raising.
- Research on consistency of college mission.
- Research on formation of alumni donors' attitudes.
- Evaluation as research.

With these guidelines for future inquiry, it will be possible to add crucial information to the development of an integrated theory of fund raising, donors' behavior, and effectiveness of fund raising.

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